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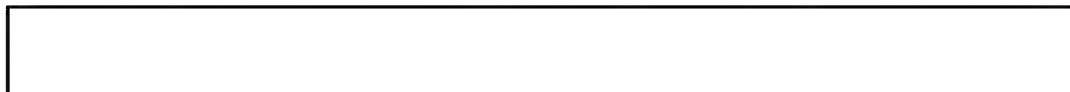
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PHILIPPINES: President Marcos has taken additional steps to gain acceptance for martial law and re-enforce his political position.

With his first decree under martial law, Marcos has enacted a reorganization plan for the executive branch which he has long wanted but which had been stalled in Congress. The plan streamlines the bureaucracy by consolidating many of the more than 100 executive offices, creates a public information department, and establishes 11 regional organizations between cabinet level officials and the 66 provincial governments.

Although billed as a decentralization of government, the reorganization will give the central government and Marcos greater opportunity to influence local administration, because it eliminates the necessity for dealing through numerous national and province-level officials. Marcos apparently has decided that the shortcomings of his administration and his own loss of popularity are the result of bureaucratic ineptness and that if he takes firm personal control and pushes strongly for his "New Society" reforms, he can regain public confidence.

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EGYPT: Unless Cairo takes positive action soon on the economic front, prospects for improved financial relations with the West may evaporate.

A chronic shortage of funds and [redacted] [redacted] are the chief causes of Egypt's current difficulties. Failure to meet three scheduled debt repayments to British suppliers may cause the British Government to cancel a recently extended \$50-million export credit. Political differences with West Germany following the Munich terrorist incident are delaying renegotiation of Egypt's debt repayment schedule and, consequently, any new German aid.

The complex financial arrangements for the SUMED pipeline also are in danger. All European governments involved, except Italy, have refused to guarantee the loans arranged by a consortium of Western banks unless repayment terms are hardened.

[redacted] contracts for the use of the pipeline may not be forthcoming unless proposed fees are lowered to compete more favorably with falling tanker rates. In view of these delays, at least one firm has threatened to pull out of the construction consortium formed several years ago. If this occurs, a new consortium must be formed and a complete new set of agreements negotiated. [redacted]

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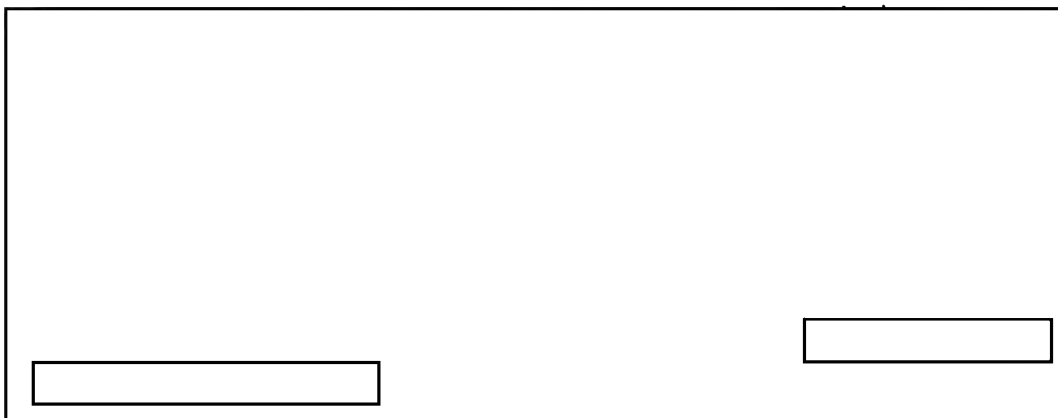
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MOROCCO: The trial of suspected plotters in last month's coup attempt may involve as many as 600 people.

25X1 [redacted] the trial--scheduled to begin this week--will judge all officers and men stationed at the Moroccan air base at Kenitra, the home base of the rebel F-5 squadron. King Hassan is suspicious of almost everyone and will probably use these judicial proceedings to discredit any individual even remotely associated with General Oufkir and the other conspirators. Moreover, the King is planning a substantial reduction of the armed forces and the trial may be used as a tool for dismissing many air force personnel.



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CONGO-FRANCE: President Ngouabi's latest steps to reduce French influence in the Congo imply no sharp break with previous policy, but will irritate Paris anew.

The Ngouabi regime announced last week several new measures in the Congo's "neo-colonialist" struggle. The Congolese facilities of two French telecommunications companies, including a powerful French radio relay station, have been nationalized. In addition, foreign-owned businesses must now re-invest an unspecified portion of profits in the Congo, and Brazzaville has left the Afro-Malagasy and Mauritian Common Organization, (OCAM), a Paris-backed economic grouping composed mostly of former French colonies.

Since 1964 the Congolese have moved cautiously to lessen the country's dependence on French aid and investment. Ngouabi's latest actions follow a national conference which explored means of reinvigorating the Congo's lagging socialist revolution.

The reinvestment of profits law may not prove as burdensome as implied. Another recent decree requiring foreign businessmen to purchase identity cards actually involved only a small annual payment. The Congo's withdrawal from OCAM is largely symbolic inasmuch as Brazzaville still wishes to participate in its technical organs as non-member Mauritania does. France will insist on compensation for the nationalized companies. Agreement has yet to be reached on those French businesses seized in 1970. Until this issue is resolved, Paris may well delay acting on the revisions sought by the Congo in their basic cooperation accords.

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NOTE

BURMA: The abrupt dismissal of two cabinet officials on 22 September appears to revolve around charges of bribery and corruption. Factional conflicts and inner-circle intrigue also may have played a part, in view of the tensions that have built up during the ten years of rule under the autocratic Ne Win regime. The replacement of one of the ousted officials by a trusted confidant of Ne Win has raised apprehension in the Burmese Government that the mercurial prime minister may soon move to rid the administration of other individuals who have incurred his displeasure.

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